



**City Council Meeting
City Council Chambers
145 West Broad Street
Spartanburg, SC
Monday, August 26 2013
5:30 p.m.**

**(These minutes were approved at the
September 9, 2013, City Council meeting.)**

City Council met this date with the following members present: Mayor pro tem Jerome Rice, Councilmembers Linda Dogan, Cate Ryba, Robert Reeder, Jan Scalisi, and Councilmember W. Sterling Anderson II. Mayor White was on medical leave. City Manager Ed Memmott and City Attorney Cathy McCabe were also in attendance. Notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act. All City Council meetings are recorded for a complete transcript.

I. Moment of Silence – observed.

II. Pledge of Allegiance – recited.

III. Approval of Minutes of the August 12, 2013 City Council Meeting –
Councilmember Dogan made a motion to approve the minutes as received. Councilmember Anderson seconded the motion, which carried unanimously 6 to 0.

IV. Approval of Agenda of the August 26, 2013 City Council Meeting –
Councilmember Dogan made a motion to approve the agenda as received. Councilmember Ryba seconded the motion, which carried unanimously 6 to 0.

V. Public Comment - none

**Citizen Appearance forms are available at the door and should be submitted to the City Clerk*

VI. Ordinance

A. To Amend the Code of the City of Spartanburg 1988, Chapter 18, By Adding Article III to Provide for a Special Property Tax Assessment for Rehabilitated Historic Property (First Reading)

Presenter: Chris Story, Assistant City Manager

Mr. Story presented the item to City Council as follows:

“For many years, South Carolina State Law has permitted local governments to provide a special property tax treatment for rehabilitated historic properties under certain circumstances. Spartanburg County passed an implementing ordinance many years ago and a handful of projects have benefited from the incentive under this

authority. However, with the concurrence of the County's legal team, we have concluded it is best for the City to have its own ordinance which will enable City Council to control and administer the use of this tool in the manner which best serves the City's interests.

When a qualifying property is renovated according to standards, that renovation presumably results in a significant increase in the taxable market value of the property. The special assessment program would essentially allow the owner of an eligible rehabilitated property to avoid property taxes on the increased value resulting from the redevelopment. A property owner would continue to pay property taxes on the pre-rehabilitation value of the property but would not pay property taxes on the increased value from redevelopment for a term set by City Council. Staff believes that making this incentive available could make a tremendous difference in the economic viability of some projects.

For a project to be eligible, an appropriate body must determine the property is historically significant and also determine that the rehabilitation has been conducted to standards. For projects also seeking federal or state income tax credits, we can simply rely on the existing mechanisms for those determinations. However, when there is no such federal credit effort, the proposed ordinance would call for the City's Historic and Architectural Review Board to perform those important tasks. The rehabilitation standards in the draft Ordinance mirror the federal standards.

If this Ordinance is passed, City Council will ultimately determine if an otherwise qualifying project benefits from the property tax incentive. Because this program directly affects local revenue, staff intends to recommend its utilization only when the incentive proves financially necessary and consistent with the City's broader goals for economic and community development. In other words, factors outside those identified in the ordinance will likely be considered in City Council's determination of whether to grant the special assessment. There will likely be projects that meet the Ordinance criteria but receive the special assessment status. Staff will continue to encourage project owners to view the federal and state credits, which of course do not impact local revenues, as the primary financial incentives to lower the relative cost of historic rehabilitation.

ACTION REQUESTED: First reading approval of an Ordinance to establish a special property tax assessment for rehabilitated historic properties.

BUDGET AND FINANCE DATA: If approved and individual properties are designated, the City would forgo future incremental property taxes in order to induce economic development that, in absence of the incentive, is not likely to occur. It is also possible that the program would allow the City to negotiate higher levels of development that, in absence of the incentive, would not be achieved

Staff believes the program will provide positive overall and long term benefit to the City and is recommending approval."

After discussion, Councilmember Dogan made a motion to approve the ordinance as presented on first reading. Councilmember Reeder seconded the motion, which carried unanimously 6 to 0.

VII. Resolution

A. To Ratify a Reduction in the Option Purchase Price of a Parcel of Land Owned by the City Located North of Morgan Square and Previously Referred to as Opportunity Block

Presenter: Ed Memmott, City Manager

Mr. Memmott presented the item to City Council as follows:

“Opportunity Block” was an approximate four (4) acre redevelopment site located immediately north of Morgan Square between Church, Magnolia, and Saint John Streets that was acquired by the City during the 1970s. In the mid-1980s the City was successful in partnering with a private entity for the development of Spartan Centre. Due to a variety of factors, the balance of the site was not redeveloped. In 2002, the City entered into a Development Agreement for the redevelopment of the remaining portion of Opportunity Block site with the construction of Extended Stay America (“ESA”) Hotels headquarters and the Magnolia Street Garage.

The ESA building is now owned by an affiliate of Johnson Development Associates. It is occupied by a several businesses including American Credit Acceptance, Pure Barre, OTO Development, and Johnson Development Associates. The building is now called One Morgan Square. Under the terms of the Development Agreement, the City retained ownership of the land on which One Morgan Square, its underground parking, and plaza were constructed. The Development Agreement provides the One Morgan Square owner with the use of the land at no charge until 2022. The building owner has an option to purchase the parcel for \$4.50 per square foot at any time until 2022.

A few weeks ago, representatives from Johnson Development asked whether the City would be receptive to the idea of a discounted purchase price in exchange for an expedited sale. After some limited discussion, a purchase price of \$4.00 per square foot was tentatively set. The City Attorney and I believe that as, City Manager, I have the authority to close on the sale of the property at \$4.00 PSF. Additionally, from a straight forward financial analysis, selling the parcel for \$4.00 PSF in 2013 instead of \$4.50 PSF in 2022 is an attractive option for the City. Additionally, moving forward now would give the City the option of putting the sales proceeds to work. However, in order to close this matter completely and for the record, I am asking Council to ratify my decision to accept the price of \$4.00 PSF.

The City will receive \$329,288 from this sale. I encourage Council to “park” the sales proceeds temporarily and decide on any use of these funds when the City’s FY13 budget close out is complete and when staff can make its recommendation for downtown streetscape projects and a modest group of near term park and recreation facility improvements. I expect to provide Council with those recommendations by mid-October.

ACTION REQUESTED: Approval of Resolution to ratify a change in sales price to \$4.00 PSF for the One Morgan Square Parcel.

BUDGET AND FINANCE DATA: Sales proceeds of \$329,228 will be held pending expenditure decision by City Council later this year.”

After discussion, Councilmember Reeder made a motion to approve the resolution as presented. Councilmember Ryba seconded the motion, which carried unanimously 6 to 0.

VIII. Other Business

A. Boards and Commissions – Planning Commission and Spartanburg Housing Authority

Presenter: Connie McIntyre, City Clerk

Ms. McIntyre presented George Harakas' application for consideration of appointment to the Planning Commission.

Councilmember Dogan made a motion to waive the rules and appoint Mr. Harakas to the Planning Commission. Councilmember Reeder seconded the motion, which carried unanimously 6 to 0.

Ms. McIntyre presented Mac Hogan's application for consideration of appointment to the Spartanburg Housing Authority.

Councilmember Dogan made a motion to waive the rules and appoint Mac Hogan to the Spartanburg Housing Authority. Councilmember Scalisi seconded the motion, which carried unanimously 6 to 0.

IX. City Council Updates

Councilmember Ryba shared that there was a great turnout that morning for the most recent inductees to the Spartanburg Music Trail, David Ball and Buck Trent.

She also mentioned that Harold Jennings, the owner of Bull Hawgs Barbeque had created access to his business for users of the Rail Trail to be able to stop and enjoy food and drink there.

Councilmember Scalisi shared that she presented a proclamation the prior Saturday at the Spartanburg County Library to celebrate one million books given to children by the Imagination Library.

She also commended everyone involved with the WOLI Ferris Wheel that was in the City for a couple of weeks with over 8,176 people riding.

She reminded everyone that Jazz on the Square.

Councilmember Anderson thanked City staff and the anonymous donor for the success of WOLI in downtown.

X. Adjournment – Councilmember Dogan made a motion to adjourn the meeting.

Councilmember Reeder seconded the motion, which carried unanimously 6 to 0, and the meeting adjourned at 5:56 p.m.



Connie S. McIntyre, City Clerk

